



U.S. ECONOMIC ASSISTANCE PROGRAM IN EGYPT

**CONFORMED
COPY**

USAID Grant Agreement NO. 263-0288

PROJECT GRANT AGREEMENT
BETWEEN
THE ARAB REPUBLIC OF EGYPT
AND THE
UNITED STATES OF AMERICA
FOR
ADMINISTRATION OF JUSTICE SUPPORT II

Dated: 30 SEP 2003

"Certified to be a true copy of the original document signed by Ambassador C. David Welch, and Mr. Kenneth C. Ellis, USAID Director, and on behalf of the Government of Egypt by Fayza Aboul Naga, The Minister of State for Foreign Affairs and MR. Mohamed Tawfik, Director, Cabinet of the Minister of State for Foreign Affairs."

FUNDS RESERVED / OBLIGATED	
723/41037	Doc. No. P030017
ECCC 44003	BPC. HES30323263KG13
So# 21	Amount \$ 7,300,000.00
Agent Code	Acc. Basis
Oblig. Str. Dt. 09/30/03	Oblig. End Dt. 12/31/08
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Project Grant Agreement

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USAID Grant Agreement No. 263-0288

Project Grant Agreement

For

Administration of Justice Support II

Dated: 30 SEP 2003

Between

The Arab Republic of Egypt ("A.R.E.")

And

The United States of America, acting through the
U.S. Agency for International Development ("USAID").

Article 1: Purpose.

The purpose of this Project Grant Agreement (the "Agreement") is to set out the understanding of the parties named above (the "Parties"), with respect to the Strategic Objective and Result described below.

Article 2: Strategic Objective and Result.

Section 2.1. Strategic Objective. The project will contribute to the achievement of Strategic Objective 21: "Egyptian Initiatives in Governance and Participation Strengthened." This Agreement is one of several agreements that fund activities designed to achieve this Strategic Objective.

Section 2.2. Result. In order to facilitate the achievement of the Strategic Objective, the Parties agree to work

together to achieve the following Result: "Improvements in Civil and Commercial Administration of Justice."

Section 2.3. Annex 1, Amplified Description. Annex 1, attached, amplifies the above Strategic Objective and Result, describes the activities necessary to achieve them and the indicators by which their achievement will be measured. Within the limits of the above definitions of the Strategic Objective and Result in Sections 2.1 and 2.2, Annex 1 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

Article 3. Contributions of the Parties.

Section 3.1. USAID Contribution.

(a) The Grant. To help achieve the Strategic Objective and Result set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the A.R.E. under the terms of this Agreement an amount not to exceed Seven Million Three Hundred Thousand United States ("U.S.") Dollars (\$7,300,000) (the "Grant").

(b) Total Estimated USAID Contribution. USAID's total estimated contribution to the Strategic Objective under this Agreement will not exceed Twenty Six Million Eight Hundred Thousand U.S. Dollars (\$26,800,000), which will be provided in increments. Subsequent increments will be subject to the

availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

Section 3.2. A.R.E. Contribution.

(a) The A.R.E. agrees to provide or cause to be provided all funds, in addition to those provided by USAID and any other donor identified in Annex 1, and all other resources required to complete, on or before the Completion Date, all activities necessary to achieve the Strategic Objective and Result in this Agreement.

(b) Subject to the availability of funds for this purpose, the A.R.E. contribution will not be less than Two Million Egyptian Pounds (L.E. 2,000,000).

Article 4: Completion Date.

(a) The Completion Date, which is December 31, 2008, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to achieve the Result will be completed.

(b) Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods

furnished after the Completion Date.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period as USAID agrees to in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the A.R.E. and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article 5: Requirement Precedent to Disbursement

SECTION 5.1. First Disbursement. Prior to the first disbursement or to the issuance by USAID of any commitment documents under this Agreement, the A.R.E. shall, except as the Parties may otherwise agree in writing, furnish to USAID, in satisfactory form and substance, a statement of the names and titles of the persons authorized pursuant to Section 7.2 to act as the representatives of the A.R.E., together with a specimen signature of each person specified in such statement.

SECTION 5.2. Notification. USAID will promptly notify the A.R.E. when USAID has determined that the requirement precedent specified above has been met.

SECTION 5.3. Terminal Date for Requirement Precedent.

The terminal date for meeting the requirement precedent specified in Section 5.1 is ninety (90) days from the effective date of this Agreement, or such later date as USAID may agree to in writing. If this requirement precedent has not been met by the above terminal date, USAID, at any time, may terminate this Agreement by written notice to the A.R.E.

Article 6: Special Covenants.

Section 6.1. Payment of Taxes, Tariffs, Duties and other Levies. To the extent that any of the funds provided under the Grant are used to pay any taxes, tariffs, duties or other levies (including social insurance) for which an exemption is provided under Section B.4. of Annex 2 hereto, the A.R.E. agrees that the Ministry of Justice shall, unless otherwise expressly provided in Implementation Letters, pay the same with funds other than those provided under the Grant.

SECTION 6.2. Documentation Required for Duty-Free Importation of Commodities and Personal Effects. The A.R.E. agrees that the Ministry of Justice shall provide to the Egyptian Customs Authority whatever documentation is required by, and is acceptable to, the Egyptian Customs Authority for the duty-free importation of any commodities (including vehicles) and personal

effects for which an exemption from taxes, tariffs, duties, or other levies is provided under Section B.4. of Annex 2 hereto.

SECTION 6.3. Monitoring and Evaluation. The Parties agree to establish a monitoring and evaluation project as part of the Project. Except as the Parties otherwise agree in writing, the project will include, during the implementation of the Project and at one or more points thereafter:

(a) systematic monitoring and reporting of progress on performance indicators during the Agreement period;

(b) formal evaluation or review of the Agreement at agreed upon points during the Agreement's implementation, using the information provided to improve attainment of the Agreement's objectives; and

(c) a summary of the performance indicators and development impact achieved as a result of the Agreement.

SECTION 6.4. Participation of Ministry of Justice Personnel in Project Activities. The A.R.E. will make available, in a timely manner, all Ministry of Justice staff and personnel who are to participate in all Project financed activities.

Article 7: Miscellaneous

SECTION 7.1. Communications. Any notice, request, document, or other communication submitted by either Party to

the other under this Agreement will be in writing or by telegram, telefax or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the A.R.E.:

Ministry of Foreign Affairs
Department for Economic Cooperation with USA
International Cooperation Sector
48/50 Abdel Khalick Tharwat Street
Cairo, Egypt

Ministry of Justice
Justice and Finance Building
Lazoughly Square
Cairo, Egypt

To USAID:

USAID/Office Building
Plot 1/A Off El Laselki Street
New Maadi, Postal Code 11435
Cairo, Egypt

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 7.2. Representatives. For all purposes relevant to this Agreement, the A.R.E. will be represented by the individual holding or acting in the Office of Minister of State for Foreign Affairs and/or the Administrator of the Department for Economic Cooperation with U.S.A., International Cooperation Sector, and USAID will be represented by the individual holding or acting in the Office of Director, USAID; each of whom, by

written notice, may designate additional representatives for all purposes other than signing formal amendments to the Agreement or revising the Strategic Objective or Result. However, the individual holding or acting in the office of the Minister of State for Foreign Affairs, by written notice, shall be entitled to designate representatives for all purposes. The names of the representatives of the A.R.E., with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 7.3. Standard Provisions Annex. A "Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 7.4. Language of Agreement. This Agreement is prepared in both English and Arabic. In the event of ambiguity or conflict between the two versions, the English language version will prevail.

SECTION 7.5. Ratification. The A.R.E. will take all necessary action to complete all legal procedures necessary to ratification of this Agreement and will notify USAID as promptly as possible of the fact of such ratification.

Section 7.6. Effective Date. This Agreement shall enter into force when signed by both Parties hereto.

IN WITNESS WHEREOF, the Arab Republic of Egypt and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY : 

NAME : Fayza Aboulnaga

TITLE: Minister of State for Foreign Affairs

BY : 

NAME : Mohamed Tawfik

TITLE: Director, Cabinet of the Minister of State for Foreign Affairs

UNITED STATES OF AMERICA

BY : 

NAME : C. David Welch

TITLE: Ambassador

BY : 

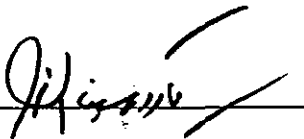
NAME : Kenneth C. Ellis

TITLE: Director, USAID/Egypt

Implementing Organization

In acknowledgement of the foregoing Agreement, the following representative of the implementing organization has subscribed his name:

MINISTRY OF JUSTICE

BY : 
NAME : Counselor Farouk Seif El Nasr
TITLE : Minister of Justice

Annex 1

Amplified Project Description Administration of Justice Support Project II (263-0288)

I. Introduction

This Annex 1 describes the activities to be undertaken and the result to be achieved with the funds obligated under this Agreement. Nothing in this Annex 1 shall be construed as amending any of the definitions or terms of this Agreement. The Annex 1 may be amended by authorized representatives of the Parties through implementation letters (ILs) as provided under Article A, Section A.2 of the Standard Provisions (Annex 2) to the Agreement, without formal amendment of the Agreement, provided that the definition of the Strategic Objective and Result as set forth in Article 2 of this Agreement are not altered thereby.

II. Background

In recent years, the Arab Republic of Egypt (A.R.E.) has featured judicial reform as a key element in its strategy of improving governance and enhancing the rule of law. To that end, the A.R.E. has, with the assistance of USAID, focused on improving the efficiency and effectiveness of its judiciary to ensure the timeliness and quality of justice in Egypt.

An independent, well-functioning judicial system is an absolute prerequisite to a modern economy. A credible court system capable of ensuring the integrity of business transactions is crucial to Egypt's full participation in the global economy.

Through its successful Administration of Justice Support Project (AOJS I), USAID and the A.R.E. initiated reform of the civil/commercial judicial system by improving the efficiency and effectiveness of two pilot civil/commercial courts. This was accomplished by streamlining court procedures, which in turn enhanced judicial transparency and promoted public confidence in the pilot courts. The Ministry of Justice (MOJ) developed a model court system, which, with sufficient technical assistance, can be replicated throughout the entire Egyptian judicial system.

III. Result to be Achieved

The program will contribute to the achievement of USAID's Strategic Objective 21, "Egyptian Initiatives in Governance and Participation Strengthened," as well as to the overall USAID Mission goal, "Globally Competitive Economy Benefiting Egyptians Equitably."

The program will contribute to the achievement of the following result: "Improvements in Civil and Commercial Administration of Justice."

IV. Activities

Described below are illustrative activities for AOJS II to achieve the result:

- Strengthen the management capacity of the National Center for Judicial Studies (NCJS) and Judicial Information Center (JIC) by providing training on modern methods of public administration to manage internal projects and outsourced contracts, which will be needed to support the replication of AOJS I. This will include support for the development of automated administrative systems, which include budget and finance, training data bases, and other related administrative systems.
- Develop processes, through improved automation and training, which will expedite the effective completion of selected tasks undertaken by the JIC and the NCJS for the modernization of the civil and commercial court systems.
- Improve other technical training services that are provided to the MOJ by the centers, such as systems analysis, design, and programming, through a training-of-trainers program and enhanced curriculum development.
- Introduce and automate, as appropriate, improved procedures in selected civil/commercial courts of first instance through a "process re-engineering" approach consistent with administrative changes within the jurisdiction of the Ministry of Justice. This will include the provision of computer equipment.

- Provide training for judges in the use of automated databases, using software and the existing legal information database, in order to facilitate the judicial workload. This will include software packages such as word processing and appropriate legal software.
- Provide training for court personnel to introduce and support the new automated systems developed for court modernization.
- Upgrade and expand training programs to upgrade the skills of the judges. This training support to NCJS consists of: curriculum development and training for career-long judicial education/training, clinical court training and judicial exchanges; research and training materials; and assistance to strengthen the administration of training programs.
- Provide training and on-going technical assistance to directly assist the MOJ in its efforts to replicate the model AOJS I courts' processes to many, or possibly all, of the civil/commercial courts according to the plan developed by MOJ.
- Support the Ministry of Justice efforts in procedural reforms in the area of civil and commercial law by identifying and facilitating appropriate reforms.

V. Performance Monitoring

The implementation of AOJS II will contribute to the achievements of the result described in Section III of this Annex 1. This result will be measured using illustrative indicators, such as:

1. Reduction in average number of days between case filing and case completion in the selected courts.
2. Measurable improvements in lawyers' perceptions that the Egyptian civil/commercial court system is more effective.

VI. Roles and Responsibilities of the Parties

A. A.R.E.

The Ministry of Justice will serve as the implementing organization for AOJS II, with the technical assistance of the contractor. The MOJ will: coordinate the reform activities of the NCJS, JIC, the selected courts and other institutional partners; provide human resources, equipment (e.g., computers, books, etc.); refurbish the courts and other institutions where the reforms will be carried out; commit adequate resources to cover recurrent costs; and initiate implementation of nationwide court reform.

B. USAID

USAID's Human Development and Democracy Directorate, Democracy & Governance Division (HDD/DG), will monitor the implementation of AOJS II on behalf of the United States Government. USAID is responsible for executing implementing instruments, contracts, cooperative agreements and grants to undertake approved activities under AOJS II needed to achieve the result set forth in Section III, above, and for monitoring and evaluating the achievement of these result. USAID will enter into such implementing instruments only after consultation with the relevant A.R.E. implementing organization for the activity.

VII. Funding

The Illustrative Financial Plan for AOJS II is set forth in the attached table. Changes may be made to the financial plan by representatives of the Parties without formal amendment of the Agreement, provided that such changes do not cause USAID's contribution to exceed the amount specified in Section 3.1(a) of the Agreement.

It is expected that additional local currency funds will be added beginning in the second year of the program to support the plan for nation-wide replication of modernized court systems for civil/commercial courts.

Attachment 1

ADMINISTRATION OF JUSTICE SUPPORT PROJECT (AOJS II)
USAID GRANT No. 263-0288

Illustrative Financial Plan

Element	FY 2003 USAID Obligation (USD)	Anticipated Future USAID/Cairo Obligations (USD)	Total Planned USAID Contribution (USD)	A.R.E. Contribution (LE)
Technical Assistance	6,830,000	17,535,000	24,365,000	2,000,000 ¹
Training	400,000	1,600,000	2,000,000	
Evaluation, Audit And Assessment	70,000	365,000	435,000	
Total	7,300,000	19,500,000	26,800,000	2,000,000

1. The A.R.E. contribution is from the FT-800 account. This amount will be used to finance contractors' employer share of social insurance, airfare tickets and medical insurance.